

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary    Public

**Date:** 09/16/2010

**GAIN Report Number:** CA0029

## Canada

**Post:** Ottawa

### **This Week In Canadian Agriculture Issue 15**

**Report Categories:**

Agriculture in the News

**Approved By:**

Robin Tilsworth

**Prepared By:**

Bradford Barrett

**Report Highlights:**

**Ontario Producing Record Soybean and Corn Crops \* Canary Seed to Mexico Stopped \*  
Canadian Scientists Accused of Stealing Secrets from Indiana Firm \* Canadian Pork Producers  
Protest Lax Consumer Labeling of Imported Meat \* More Calls for Mandatory Regulation of  
Marketing to Kids \* Canada Could See Rise in Price of Products Containing Milk Byproducts \*  
Manitoba Trying to Break Into Taiwanese Beef Market \* Canadian Government Investing in  
Organic Industry**

## **Ontario Producing Record Soybean and Corn Crops**

Ontario farmers are expected to harvest record crops of corn and soybeans this year according to a Statistics Canada survey of Canadian farmers done between July 26 and Aug 3. Ontario producers are expected to harvest a 7.2 million ton corn crop, up from the previous record of 7.0 million tons set in 2007. The average yield on 1.87 million acres of corn is forecasted to come in at 152.3 bushels per acre, and almost 10 bushel increase over the average yield reached in 2009. However, this year's projected yield is still below the record set in 2008 at 156.1 bushels per acre. Ontario farmers also say they will harvest a record high acreage of soybeans this year at a record breaking 2.8 million tons. The average soybean yield is expected to come in at 42.6 bushels per acre on a crop of 2.44 million acres. The expanded acreage in both corn and soybeans came at the expense of winter wheat which saw harvested acres fall to about 800,000. David Burroughs, a crop specialist at Statistics Canada in Ottawa, says the July survey is not cast in stone as a lot can happen before the crop is all in the bin. Nevertheless, it is a good indicator of what is to come.

## **Canary Seed to Mexico Stopped**

The board of the Canadian Special Crops Association (CSCA) has declared Force Majeure on canary seed exports destined for Mexico. This is the result of the establishment of a zero tolerance policy enacted by Mexico of weed seeds that are of quarantine concern coming from Canada. Canadian canary seed shipments destined for Mexico have been disrupted since last June, when Mexico implemented a "hold and test" policy for canary seed shipments from Canada and indicated that any shipments found to contain quarantine weed seeds would be rejected. Wild buckwheat and stinkweed are found in Canada and are two weeds on Mexico's list of quarantine weeds. Mexico's import requirements for Canadian canary seed were changed without the standard 60-day advance notice of change in import policy and a long term solution has not yet been reached that would allow trade to proceed in a predictable manner. Canada is Mexico's largest supplier of canary seed. Exports of Canadian canary seed to Mexico averaged more than 42,000 tons and C\$25 million per year over the last three years.

## **Canadian Scientists Accused of Stealing Secrets from Indiana Firm**

A former Canadian scientist was detained on Tuesday, accused of illegally sending trade secrets worth C\$300 million to China and Germany. Kexue Huang, 45, is suspected of passing on proprietary information about development of organic pesticides to Hunan Normal University, while he worked as a researcher for Dow AgroSciences in Indiana from 2003 to 2008. The FBI believes that Huang stole samples of the bacterial strain used in the pesticides and smuggled them into China in his son's suitcase, where he planned to market them and make millions. The indictment also included information suggesting Huang also transported stolen material into Germany, but the document didn't go into detail.

## **Canadian Pork Producers Protest Lax Consumer Labeling of Imported Meat**

Canadian pork producers and processors are asking the Canadian Minister of Agriculture and Agri-Food to crackdown on enforcing labeling requirements on prepackaged meat coming into Canada. A letter has been sent to the Minister asking the Canadian Food Inspection Agency (CFIA) to step up inspection of pork labels. The CFIA is responsible for enforcing labeling regulations, however it is primarily complaint driven and does not routinely check labels. There are issues with labeling across Canada and a recent check of retail stores labeling practices found several infractions. According to Canadian press it is possible that one of the factors behind this outcry is the enforcement of the United State's own Country of Origin labeling law which has caused grief for Ontario pork producers who have lost a market for their live hogs. Meat inspection regulations require that the prepackaged imported meat be labeled "Product of" followed by the name of the country of origin.

## **More Calls for Mandatory Regulation of Marketing to Kids**

Two years ago, facing pressure from anti-obesity lobby groups and children's health organizations, some of the biggest food companies in Canada vowed to not advertise their least-healthy food offerings to children under 12. Hershey, PepsiCo, and McCain were among the firms that signed in to a voluntary industry wide policy, the Canadian Children's Food and Beverage Advertising Initiative. Today, however, not much has changed. The lack of self-regulatory success has led to growing calls for legislating food advertising to kids in Canada and the United States. These measures include imposing detailed nutritional requirements to outright bans as public health officials try to handle the rising obesity rate among children. Obesity rates in Canadian children have almost tripled in the past 25 years, according to the nonprofit group Childhood Obesity Foundation, and 26 percent of children aged two to 17 years old are overweight or obese. If the trend continues, in 20 years 70 percent of the 35 to 44 year olds in Canada would be overweight or obese, versus a current high of 57 percent. Critics of the Children's Food and Beverage Advertising Initiative say the self-regulatory system is useless as it still allows advertisers to promote foods to kids that are not healthy.

## **Canada Could See Rise in Price of Products Containing Milk Byproducts**

The cost of packaged foods in Canada that contain milk byproducts could very well spike upward, according to Chantal Paul, spokesman for the Canadian Dairy Commission. This is based largely on the "yo-yo" nature of U.S. dairy stocks, which tends to rise and fall every two years, said Bill Mitchell, assistant director of the Dairy Farmers of Ontario. The milk byproduct market, including milk powder and whey powder used in processed foods like chocolate and potato chips, makes up roughly 7 percent of the global dairy industry. The U.S. is responsible for about half of Canada's supply with Europe supplying the rest, according to Mitchell. Right now, the U.S. is heavily under-supplied and that's pushed global prices for milk ingredients higher, he said. At the same time, Europe has seen production falling and the rising cost of grain could exacerbate the situation, as farmers need it to feed the cattle during the winter. European Union milk powder prices have climbed to nearly C\$3,000 per ton, up from C\$1,700 in early 2009, and analysts say milk powder does influence future liquid prices. Despite the gains, milk prices are still below the 2007 peak, in which dairy prices soared to nearly C\$5,000.

## **Manitoba Trying to Break Into Taiwanese Beef Market**

Member of Parliament (MP), Candice Hoepfner, traveled to Taiwan in early September trying to open the country's beef market to welcome Manitoba meat. Hoepfner was in Taiwan with a delegation of MPs who are meeting with Taiwanese legislators on expanding trade and strengthening economic ties between Taiwan and Canada, including having Taiwan reopen its borders to Canadian beef products, which would help beef producers in the province recover after taking some losses in the past few years. In May 2003, following the announcement of Canada's first case of bovine spongiform encephalopathy (BSE), more commonly known as mad-cow disease, Taiwan banned the import of Canadian beef and cattle. Although partial access was restored in 2007 for boneless beef, Taiwan remains non-committal on a precise timeline granting full access for other Canadian beef products despite sustained Canadian advocacy. Hoepfner encouraged Taiwanese president, Ma Ying-Jeou, to send a reciprocal delegation to Canada to observe and report back on the domestic beef industry in Canada, and offered to help facilitate the initiative.

## **Canadian Government Investing in Organic Industry**

Federal Agriculture Minister Gerry Ritz made a visit to the Nova Scotia Agricultural College in Bible Hill Wednesday, where he announced a C\$6.5 million investment to help in the development of more efficient and profitable processes for organic farmers. Industry is also contributing C\$2.2 million towards the project. Ritz explained the organic science cluster has identified 10 sub projects to undertake. These include 30 research activities to be conducted by 50 researchers and 30 collaborators at 45 institutions in nine provinces across Canada. Research will focus on things like soil fertility, greenhouse production, dairy production systems, parasite control, and food processing. In the past two years, Canadians have increased their spending on organic products by C\$800 million to C\$2 billion last year.

**Exchange Rate:** Noon rate, September 16, 2010 (Bank of Canada): U.S. Dollar = C\$1.02